



# CALIFORNIA STATE PUBLIC WORKS BOARD

EDMUND G. BROWN JR. • GOVERNOR

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## Staff Analysis

### STATE PUBLIC WORKS BOARD

Friday, October 12, 2018 at 10:00 a.m. in  
Room 113, State Capitol, Sacramento, California

**I.** Roll Call

**II.** Minutes Page 2

**III.** Consent Items Page 3

**IV.** Action Items Page 11

**V.** Other Business Page 12

**VI.** Reportables Page 13

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Pursuant to section 11125 of the Government Code, notice of all Board meetings will be given at least ten days in advance and such notice must include a copy of the agenda. Members of the Public may address the Board prior to it taking action on any matter in the agenda.

This notice and the Board agenda for the current month are available on the Internet at: <http://www.spwb.ca.gov>.

Individuals who need disability-related accommodation, including auxiliary aids for effective participation at this public meeting are invited to make their requests and preferences known to Kathryn Lee at (916) 445-9694 or e-mail to [Kathryn.Lee@dof.ca.gov](mailto:Kathryn.Lee@dof.ca.gov), five days prior to the meeting.

## MINUTES

**Consider approving the minutes from the September 14, 2018 meeting.**

Staff have reviewed the minutes from the September 14, 2018 meeting and recommend approval of those meeting minutes.

**Staff Recommendation:     Approve minutes from the September 14, 2018 meeting.**

## CONSENT ITEM

### CONSENT ITEM—1

#### JUDICIAL COUNCIL OF CALIFORNIA (0250) INDIO JUVENILE AND FAMILY COURTHOUSE RIVERSIDE COUNTY

*Authority: Sections 70371.5 and 70371.7 of the Government Code  
Chapter 33, Statutes of 2011, Item 0250-301-3138 (9)  
Chapter 20, Statutes of 2013, Item 0250-301-3138 (1)  
Chapter 25, Statutes of 2014, Item 0250-490-3138 (1)(4)  
Chapters 29, 30, and 449, Statutes of 2018, Item 0250-301-0660 (2)*

**Consider recognizing a scope change**

## CONSENT ITEM

### STAFF ANALYSIS ITEM—1

Judicial Council of California  
Indio Juvenile and Family Courthouse  
Riverside County

#### Action Requested

**If approved, the requested action will recognize a scope change.**

#### Scope Description

**This project is not within scope.** The current authorized project scope includes a new five-courtroom courthouse of approximately 53,000 square feet. This project will consolidate court operations from two facilities and will relieve the current space shortfall, increase security, replace deficient courthouses, and create operational efficiencies through the consolidation of court services. The existing project provides courtrooms for four currently funded judgeships and one anticipated, but not yet authorized judgeship.

The Judicial Council has requested a scope change for the New Indio Courthouse project, which is currently in the design phase, to align with the latest Judicial Workload Assessment (JWA) that was ratified by the Judicial Council in December 2014, which indicates that additional judgeships were needed in the future to meet the workload demands in this county.

The revised scope will still include five courtrooms and approximately 53,000 square feet, but will leave one of these courtrooms unfinished for future build-out. Leaving one of the five courtrooms unfinished will reduce construction costs by approximately \$597,000 (from \$45.3 to \$44.7 million). Continuing to incorporate this fifth courtroom now to accommodate one future judgeship is more cost-effective than adding it later, and is consistent with prior actions to reduce construction costs while accommodating reasonably anticipated future growth.

On August 27, 2018, the Department of Finance notified the chairs of the Joint Legislative Budget committee and the fiscal committees of each house of its intent to approve the scope change and recommend that the Board recognize this revised scope no sooner than 20 days from that date.

#### Funding and Cost Verification

**This project is within cost.** A total of \$54,118,000 has been appropriated for acquisition (\$3,423,000), preliminary plans (\$2,174,000), working drawings (\$3,194,000) and construction (\$45,327,000). We note current estimates indicate a potential deficit of \$261,000 that has not been recognized by the Board. After bid results are reviewed, staff will determine whether it is necessary to request an augmentation for this project to proceed.

|              |  |
|--------------|--|
| \$54,118,000 | Total authorized project costs   |
| \$54,379,000 | Total estimated project costs  |
| \$ 8,791,000 | Costs previously allocated: \$3,423,000 acquisition, \$2,174,000 preliminary plans, and \$3,194,000 working drawings                 |
| \$45,327,000 | Costs to be allocated: \$45,327,000 construction (\$39,089,000 contract, \$1,997,000 contingency, \$953,000, A&E, \$3,288,000 other) |
| \$261,000    | Potential deficit: \$261,000 construction (contract)   |

#### CEQA

A Notice of Exemption was filed with the State Clearinghouse on December 28, 2009, and the 35-day statute of limitations expired without challenge.

#### Real Estate Due Diligence

A preliminary Real Estate Due Diligence letter for this project was completed on May 12, 2015 and no issues that would adversely impact the quiet enjoyment and beneficial use of the project were identified.

#### Project Schedule

|                            |               |
|----------------------------|---------------|
| Approve Preliminary Plans: | June 2015     |
| Complete Working Drawings: | August 2018   |
| Start Construction:        | December 2018 |
| Complete Construction:     | October 2020  |

**Staff Recommendation: Recognize a scope change.**

## CONSENT ITEM

### CONSENT ITEM—2

DEPARTMENT OF PARKS AND RECREATION (3790)  
EL CAPITAN STATE BEACH, ENTRANCE IMPROVEMENTS  
SANTA BARBARA COUNTY

*Authority: Chapter 23, Statutes of 2016, Item 3790-301-6051 (1)  
Chapters 14, 22, and 54, Statutes of 2017, Item 3790-301-6051 (3)*

**Consider:**

- a) Recognizing an anticipated deficit **\$1,047,000**  
(30.9 percent of total project costs)
- b) Approving preliminary plans

## CONSENT ITEM

### STAFF ANALYSIS ITEM—2

Department of Parks and Recreation  
El Capitan State Beach, Entrance Improvements  
Santa Barbara County

Action Requested

**If approved, the requested action would recognize an anticipated deficit and approve preliminary plans.**

Scope Description

**This project is within scope.** The project includes replacing a culvert with a wider bridge to allow the endangered steelhead trout a barrier-free passage, providing an alternate safe route for pedestrians and bicyclists, providing increased space for larger vehicles on the park road and entrance area, and replacing the aging and damaged entrance kiosk.

Funding and Cost Verification

**This project is not within cost.** The Budget Acts of 2016 and 2017 appropriated \$736,000 Proposition 84 bond funds for the preliminary plans and working drawings phases of the Project. It is anticipated that a construction appropriation for the Project will be proposed in a future Budget. The working drawings phase of the project is within budget. However, additional details revealed during the preparation of preliminary plans have resulted in a higher estimated construction phase cost.

Originally, Parks intended to use a drop-in standard railroad-type bridge to replace a narrow culvert crossing. However, as the project progressed through preliminary plans, it was found this type of bridge will not meet National Oceanic and Atmospheric Administration standards for steelhead trout migration passages. Instead, a fully engineered bridge is necessary. It is estimated that constructing a fully engineered bridge will increase construction costs from \$2,647,000 to \$3,694,000 for a total project cost increase of \$1,047,000 (from \$3,383,000 to \$4,430,000), or 30.9 percent.

On September 21, 2018, the Department of Finance notified the chairs of the Joint Legislative Budget Committee and the fiscal committees of both houses of its intent to recommend that the Board recognize this anticipated deficit no sooner than 20 days from that date.

\$3,383,000 Total authorized project costs

\$4,430,000 Total estimated project costs

\$358,000 Project costs previously allocated: preliminary plans

\$3,025,000 Project costs to be allocated: \$378,000 working drawings and \$2,647,000 construction (\$2,063,000 contract, \$144,000 contingency, \$244,000 A&E costs, and \$111,000 agency retained and \$85,000 other project costs.)

\$1,047,000 Anticipated deficit: \$1,047,000 construction (\$978,000 contract, \$69,000 contingency)

#### CEQA

A Notice of Determination was filed with the State Clearinghouse on April 10, 2018. The 30-day statute of limitations expired on May 10, 2018 without challenge.

#### Real Estate Due Diligence

A Summary of Conditions memorandum was completed on November 15, 2017, and no issues that would adversely affect the quiet enjoyment and beneficial use of the project were identified.

#### Project Schedule

|                           |              |
|---------------------------|--------------|
| Approve preliminary plans | October 2018 |
| Complete working drawings | May 2019     |
| Start construction        | July 2019    |
| Complete construction     | July 2020    |

**Staff Recommendation: Recognize an anticipated deficit and approve preliminary plans.**

## CONSENT ITEM

### CONSENT ITEM—3

DEPARTMENT OF GENERAL SERVICES (7760)  
CALIFORNIA CONSERVATION CORPS (3340)  
CITY OF FORTUNA RESIDENTIAL CENTER  
HUMBOLDT COUNTY

*Authority: Chapters 14 and 22, and 54, Statutes of 2017, Item 7760-301-0001(2)*

Consider authorizing:

- a) Acquisition and acceptance of title for improved property through exercise of an option to purchase pursuant to a lease
- b) Execution of documents as may be required to complete the acquisition

## CONSENT ITEM

### STAFF ANALYSIS ITEM—3

Department of General Services  
City of Fortuna Residential Center  
Humboldt County

#### Action requested

**If approved, the requested action will authorize acquisition and acceptance of title for improved property through exercise of an option to purchase pursuant to a lease, and authorize the execution of documents as may be required to complete the acquisition.**

#### Background

In October 1991, the State of California, acting by and through the Department of General Services (DGS), entered into a 25-year lease with an option to purchase (Agreement) of the then-newly constructed Fortuna Residential Center (Facility) in Humboldt County. Under the Agreement, the City of Fortuna (City) constructed the Facility under a ground lease from the former redevelopment agency of the City of Fortuna, intended for use by the California Conservation Corps (Corps). Provisions of the lease provided an option to purchase the site and improvements thereon for the sum of one dollar (\$1.00).

The Fortuna Residential Facility, located in Humboldt County (County), is a multiple building single-story campus of nearly 40,000 sf situated on approximately six acres. The facility includes an administration building, dormitories, recreation and educational facilities, and warehouse. The site meets the requirements of the Corps.

In accordance with the Agreement, on September 6, 2018, the City, as successor agency to the City of Fortuna Redevelopment Agency, executed a Grant Deed to transfer title to the state.

#### Funding and Cost Verification

**This project is within cost.** The Budget Act of 2017 provides \$1,000 for the acquisition phase of this project.

## CEQA

A Notice of Exemption was filed with the State Clearinghouse on September 4, 2018 and the 35-day statute of limitations expired without challenge on October 10, 2018.

## Condition of Property

The DGS Environmental Services Section (ESS) conducted a site visit on September 13, 2018 to assess the general condition of the property. The facilities and landscaping appear to be well maintained. The interior of the facilities appear orderly and clean. The subject property is flat with adequate paved parking. Approximately ½ acre area is undeveloped and used to train corps members on how to use hand tools. ESS is not recommending an Environmental Site Assessment Phase I survey.

The facility includes a multipurpose room regularly used for community meetings and classes; a recreation room, TV room, computer lab; three offices, a large shop for maintenance and storage of tools; administration building; kitchen and indoor and outside dining area; bay for large trucks; warehouse; several portable storage units; and dormitories designed to house two to four corps members, totaling 95 beds.

## Real Estate Due Diligence

Prior to the close of escrow, a series of quit claim deeds will be recorded extinguishing encumbrances related to the City's leasing and financing associated with the Facility. Other than this, no real estate due diligence issues that would affect the beneficial use and quiet enjoyment of the project were identified. There are no historical issues and no implied dedication associated with the property, and DGS and the Corps are not aware of any lawsuits pending concerning the property. The agreement requires delivery of title to the Facility free and clear of any mortgages and liens.

## Other

- No relocation assistance is required
- The proposed location is consistent with the state's planning priorities in accordance with Government Code Section 65041 et seq.

**Staff Recommendation:**      **Authorize acquisition and acceptance of title for improved property through exercise of an option to purchase pursuant to a lease, and authorize the execution of documents as may be required to complete the acquisition.**



## CONSENT ITEM

### CONSENT ITEM—4

DEPARTMENT OF GENERAL SERVICES (7760)  
SACRAMENTO REGION: R STREET PARKING STRUCTURE  
SACRAMENTO COUNTY

*Authority: Chapters 14 and 22, and 54, Statutes of 2017, Item 7760-301-0666(1)*

**Consider authorizing execution of an Irrevocable Option Agreement for an above-market value acquisition of Assessors Parcel Number 006-0266-017**

## CONSENT ITEM

### STAFF ANALYSIS ITEM—4

Department of General Services  
Sacramento Region: R Street Parking Structure  
Sacramento County

Action requested

**If approved, the requested action would authorize execution of an Irrevocable Option Agreement for an above-market value acquisition of Assessors Parcel Number 006-0266-017.**

Background

Government Code Section 14678.7 authorizes the Department of General Services (DGS) to enter into one or more agreements with the Capitol Area Development Authority (CADA) for the development of a parking structure along the R-Street corridor. The proposed project site consists of the approximately 38,000 square-foot warehouse at 805 R Street, as well as two privately and separately-owned parcels currently utilized as ground-level parking lots and located directly behind and adjacent to the warehouse. The site meets the requirements of DGS.

Under the proposed action, the Board and DGS would enter into an option agreement with Nishikawa Farms, Inc. that gives the State the option to purchase the parcel on the southwest corner of 9<sup>th</sup> Street and Quill Alley, which is currently improved with a surface parking lot with 23 stalls. Consideration for the option is set at \$25,000, which would be applied towards the agreed-upon purchase price of \$920,000 should the Board authorize exercise of the option on or before September 30, 2019, the option expiration date. The timing of the exercise of the option is dependent upon reaching favorable terms for acquisition of the second parcel located on the southeast corner of 8<sup>th</sup> Street and Quill Alley.

A May 2018 appraisal values the Nishikawa property between \$825,000 and \$875,000, based on the recent sale of surface parking lots considered comparable to the subject property. The option to purchase the Nishikawa property is \$920,000, \$45,000 higher than the upper-end of the appraised value. DGS believes the \$920,000 price is reasonable because the parcel is necessary for the construction of the parking structure and because there is significant interest in property along the R-Street corridor that may cause the value of the property to increase over time. The option mitigates this concern by fixing the purchase price during its term.

#### Funding and Cost Verification

**This project is within cost.** The Budget Act of 2017 provides \$1,660,000 for the acquisition of two parcels necessary to construct the parking structure.

#### CEQA

DGS will take appropriate steps to comply with CEQA prior to the Board's authorization to exercise the option.

#### Condition of Property

On June 20, 2017, DGS staff visited the parking lot next to the EDD warehouse on 8<sup>th</sup> and R street to assess the general condition of two parcels totaling an estimated 13,000 square feet within the City of Sacramento downtown area.

The land is an asphalt-covered area with approximately 48 parking spaces. No hazardous material use, disposal or dumping were observed during the site visit by DGS staff, and DGS and CADA are not aware of any lawsuits pending concerning the property. The agreement requires delivery of title to the property free and clear of any mortgages and liens.

#### Phase I Environmental Site Assessment (ESA)

A Phase I environmental site assessment was prepared on the site area in October 2017 and updated January 2018. The findings specific to the Nishikawa Farms site are as follows:

- The potential for subsurface contamination at the project site at concentrations that may require statutory cleanup is low with no historic or current Recognized Environmental Concerns or Vapor Encroachment Condition.

#### Real Estate Due Diligence

Currently, the subject property is encumbered with certain unrecorded documents in favor of 23 parking stall arrangements. However, Board staff notes there are provisions in the Property Acquisition Agreement for this property that require that those arrangements be terminated after the option has been exercised, but before the close of escrow. At this point it is unknown what relocation assistance, if any, may be applicable to these arrangements. Staff also notes that there are no historical issues and no implied dedications associated with the property.

#### Other:

- The Board approved site selection for this property on July 17, 2017.
- The site meets the requirements of DGS.

**Staff Recommendation: Authorize execution of an Irrevocable Option Agreement for an above-market value acquisition of Assessors Parcel Number 006-0266-017.**

## ACTION ITEM

### ACTION ITEM—1

**HIGH SPEED RAIL AUTHORITY (2665)  
INITIAL OPERATING SEGMENT, SECTION 1  
KINGS COUNTY**

*Authority: Chapter 152, Statutes of 2012, Item 2665-306-0890 (1) as reappropriated by the Budget Act of 2018  
Chapter 152, Statutes of 2012, Item 2665-306-6043 (1) as reappropriated by the Budget Act of 2018  
Chapter 25, Statutes of 2014, Item 2665-306-3228 (1)  
Section 39719(b) (2) of the Health and Safety Code  
Section 39719.1 of the Health and Safety Code  
Section 15854 of the Government Code*

**Consider rescinding the following Resolution of Necessity (RON) authorizing the use of eminent domain to acquire the following property:**

- 1) RON 2018-0001  
Brazil Property (Kings County)  
Authority Parcel Numbers: FB-16-0775-1 and FB-16-0775-2  
Assessor Parcel Number: 016-200-048**

## ACTION ITEMS

### STAFF ANALYSIS ITEM—1

High Speed Rail Authority  
Initial Operating Segment, Section 1  
Kings County

Action Requested

**If approved, the requested action would rescind one RON authorizing the use of eminent domain.**

*Brazil Property:* On April 13, 2018, the Board adopted Resolution of Necessity 2018-0001 authorizing the use of eminent domain to acquire a portion of the Brazil property to extend irrigation casings beyond the high speed rail corridor. Since that time, the High Speed Rail Authority has determined that the casings can remain within the corridor and, consequently, acquisition of the property is no longer necessary.

**Staff Recommendation: Approve the rescission of the one RON authorizing the use of eminent domain.**

**OTHER BUSINESS**  
**NONE**

**REPORTABLES**

**TO BE PRESENTED AT MEETING**